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TAXPAYERS PROTECTION ALLIANCE

March 20, 2017

Postal Regulatory Commission
901 New York Avenue, NW
Suite 200
Washington, D.C. 20268

RE: RM2017-3

Chairman Taub, and Commissioners Acton, Langley, Hammond:

Pursuant to Commission Order No. 3673, the Taxpayers Protection Alliance (TPA) hereby submits the following comments associated with the Commission's statutory review of the system for regulating rates and classes for market dominant products ten years after the enactment of the Postal Accountability and Enhancement Act of 2006 (PAEA).

In light of the Commission's charge to review the efficacy of the PAEA and the ability of the U.S. Postal Service (USPS) to meet identified objectives used to guide its operations, TPA seeks to emphasize numerous facets where the agency has continued to display greatly unsatisfactory performance. Based on the inability to meet the objectives described below, our organization compels the Commission to propose impactful and enduring systemic modifications.

As an organization representing the interests of taxpayers across the country, TPA is primarily concerned with the failures of Objective 5 – to maintain financial stability. The Postal Service's accumulated year-end net losses since the PAEA was enacted now amount to an astounding $62.5 billion. Even after years of continuously posting significant profits on its core letter mail service ($21.8 billion in net profits from Standard and First-Class letter mail in 2016 alone) the USPS has shown failure to control costs within other non-critical aspects of its operations.

Further concerning are the Postal Service's unfunded liabilities on its balance sheet, which total more than $120 billion. Debts of this magnitude coupled with additional year-end losses on a regular basis will only further endanger the agency's fiscal solvency. Without proper mechanisms to achieve financial stability in an expedient manner, TPA will continue to discuss with citizens and the appropriate policy communities, the increasingly likely need for a taxpayer bailout of the agency in the future.

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Additionally, the financial successes of USPS' congressionally-backed monopoly products and failures to control cost within expanded lines of service highlight the need for significant revisions to the frameworks for achieving Objective 9 – to allocate the total institutional costs of the Postal Service appropriately. The Commission must not be satisfied with the current minimum contribution levels of competitive products' to institutional costs, and instead must advocate for a system that more accurately accounts of the expenses incurred to execute services that are not associated with the universal service obligation to deliver mail.

For too long the majority of the Postal Service's customers have suffered from declining service performance for on-time deliveries, and also increasingly high rates of postage. Given the previously discussed letter mail profits, the Commission must acknowledge the Postal Service's record of improperly setting artificially high rates to finance and develop its breadth of services.

Based upon the criteria for review by the Commission, it is abundantly clear that alternative systems must be adopted to ensure that the Postal Service can reverse its downward spiral financially and become more transparent about the value and viability of every product that it brings to market.

For the sake of the nation's taxpayers who could be on the hook to rescue USPS and the millions of individuals who consistently rely on mail service, the Commission must identify stronger solutions and requirements for the Postal Service to sufficiently achieve objectives of the PAEA.

Respectfully submitted,

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